

Senate Engrossed House Bill

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 229

HOUSE BILL 2109

AN ACT

AMENDING SECTION 38-891, ARIZONA REVISED STATUTES; RELATING TO THE
CORRECTIONS OFFICER RETIREMENT PLAN.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-891, Arizona Revised Statutes, is amended to
3 read:

4 38-891. Employer and member contributions

5 A. As determined by actuarial valuations reported to the employers and
6 the local boards by the fund manager, each employer shall make level per cent
7 of salary contributions sufficient under the actuarial valuations to meet
8 both the normal cost plus the actuarially determined amount required to
9 amortize the unfunded accrued liability over a rolling twenty year period
10 commencing on July 1, 1997, except that, beginning with fiscal year ~~2001-2002~~
11 2005-2006, the employer contribution rate shall not be less than ~~two~~ FOUR per
12 cent of salary. An employer may pay a higher level per cent of salary
13 thereby reducing its unfunded past service liability. All contributions made
14 by the employers and all state taxes allocated to the fund shall be
15 irrevocable and shall be used to pay benefits under the plan or to pay
16 expenses of the plan and fund. Forfeitures arising because of severance of
17 employment before a member becomes eligible for a pension or for any other
18 reason shall be applied to reduce the cost to the employer, not to increase
19 the benefits otherwise payable to members.

20 B. Each member shall contribute eight and one-half per cent of the
21 member's salary to the retirement plan. Member contributions shall be made
22 by payroll deduction. Continuation of employment by the member constitutes
23 consent and agreement to the deduction of the applicable member
24 contribution. Payment of the member's salary less the deducted contributions
25 constitutes full and complete discharge and satisfaction of all claims and
26 demands of the member relating to salary for services rendered during the
27 period covered by the payment.

28 C. Each participating employer shall cause the member contributions
29 to be deducted from the salary of each member. The deducted member
30 contributions shall be paid to the retirement plan within five working days
31 and shall be credited to the member's individual account.

32 D. During a period when an employee is on industrial leave and the
33 employee elects to continue contributions during the period of industrial
34 leave, the employer and employee shall make contributions based on the salary
35 the employee would have received in the employee's job classification if the
36 employee was in normal employment status.

37 E. The local board of the state department of corrections or the local
38 board of the department of juvenile corrections may specify a position within
39 that department as a designated position if the position is filled by
40 an employee who has at least five years of credited service under the plan,
41 who is transferred to temporarily fill the position and who makes a written
42 request to the local board to specify the position as a designated position
43 within ninety days of being transferred. On the employee leaving the
44 position, the position is no longer a designated position.

1 F. The local board of the state department of corrections or the local
2 board of the department of juvenile corrections may specify a designated
3 position within the department as a nondesignated position if the position
4 is filled by an employee who has at least five years of credited service
5 under the Arizona state retirement system and who makes a written request to
6 the local board to specify the position as a nondesignated position within
7 ninety days of accepting the position. On the employee leaving the position,
8 the position reverts to a designated position.

9 G. IF THE AGGREGATE COMPUTED EMPLOYER CONTRIBUTION RATE THAT IS
10 CALCULATED PURSUANT TO SUBSECTION A IS LESS THAN FOUR PER CENT OF SALARY,
11 BEGINNING ON JULY 1 OF THE FOLLOWING FISCAL YEAR THE MEMBER CONTRIBUTION RATE
12 PRESCRIBED IN SUBSECTION B IS PERMANENTLY REDUCED BY AN AMOUNT THAT IS EQUAL
13 TO THE DIFFERENCE BETWEEN FOUR PER CENT AND THE AGGREGATE COMPUTED EMPLOYER
14 CONTRIBUTION RATE. NOTWITHSTANDING THIS SUBSECTION, THE MEMBER CONTRIBUTION
15 RATE SHALL NOT BE LESS THAN 7.65 PER CENT OF THE MEMBER'S SALARY.

APPROVED BY THE GOVERNOR MAY 14, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 14, 2004.